



BellSouth Telecommunications, Inc.
Suite 2101
333 Commerce Street
Nashville, Tennessee 37201-3300

615 214-6301
Fax 615 214-7406

Guy M. Hicks
General Counsel

February 8, 2000

100-143 8 FEB 8 59

ENCLOSURE

VIA HAND DELIVERY

David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Tariff Filing by BellSouth Telecommunications, Inc. to Reduce Rates for
Complete Choice and Complete Choice with Area Plus*
Docket No. 00-00001

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of BellSouth Telecommunications, Inc.'s responses to the Staff's data request of January 18, 2000. A copy of the enclosed is being provided to Mr. Collier.

Very truly yours,

Guy M. Hicks

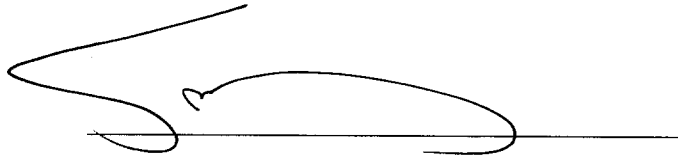
GMH:ch
Enclosure
cc: Richard Collier

CERTIFICATE OF SERVICE

I hereby certify that on February 8, 2000, a copy of the foregoing document was served on the parties of record, via the method indicated:

- ☒ Hand
- ☐ Mail
- ☐ Facsimile
- ☐ Overnight

Richard Collier, Esquire
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0500

A handwritten signature in black ink, appearing to be 'Richard Collier', is written over a horizontal line.

RECEIVED
FEB 8 3 59 PM
EXECUTIVE SECRETARY

BellSouth Telecommunications, Inc.
Docket No. 00-00001
TRA's First Data Request
January 18, 2000
Item No. 1
Page 1 of 2

REQUEST: Explain in detail why it is appropriate to categorize Complete Choice Service and Area Plus Service with or without Complete Choice into Rate groups for two and three line service and not for single line service?

RESPONSE: BellSouth's tariff reduces the rates in Rate Group 5 for: (1) Complete Choice Multi-line Service and (2) Complete Choice Multi-line with Area Plus Service.

The reason BellSouth proposes to treat these services differently is because the marketplace does so. In the exercise of its business judgment, BellSouth has decided to reduce rates for these multi-line services, just as its competitors have chosen to provide competing services at prices they have chosen. These competing services take several forms. For example, Intermedia is actively marketing high speed internet access service in Nashville. Time Warner is actively marketing high speed internet access service in Memphis. (See Exhibit 1, Intermedia and Time Warner advertisements.) Additionally, wireless competitors are offering service packages in the largest metropolitan areas in the state that compete against Complete Choice Multi-line Service and Complete Choice Multi-line with Area Plus Service. All of these forms of competition are a competitive threat to BellSouth's ability to market multi-line services to residential consumers, particularly among those who appear to prefer wireless services to a second land line. Finally, based on its experience, particularly in Atlanta, BellSouth anticipates new packages of competitive services for multi-line services in the largest metropolitan areas of the state. (See Exhibit 2, MediaOne advertisements.)

BellSouth is facing maximum competitive pressures in Rate Group 5. For example, there has been a recent proliferation of wireless competitors in Rate Group 5. (See Exhibit 3 – sample advertisements by wireless competitors.) BellSouth has every expectation that Rate Group 4 will experience the same degree of competition in the future, at which time BellSouth anticipates it will file similar tariffs in Rate Group 4. BellSouth will use its business judgment to determine the appropriate timing and specific nature of such filings.

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BellSouth has filed a tariff that, once approved by the TRA, will provide lower rates for the services addressed by the tariff. The competition has not elected to provide these competing services on a statewide basis. To the contrary, the competition offers these services in the largest of the metropolitan areas of the state. BellSouth has elected to meet this competition at this time by reducing rates in Rate Group 5.

BellSouth Telecommunications, Inc.
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REQUEST: Why is it appropriate to lump subscribers in Rate Groups 1-4 into one rate and have a separate rate for Rate Group 5 for Complete Choice and Area Plus with Complete Choice Service?

RESPONSE: Please see the response to Request No. 1.

REQUEST: BellSouth cites competition from cable television providers offering high speed Internet access in the Memphis and Nashville metropolitan areas as reasons why it seeks to lower the rates for these services in Rate Group 5.

- a. Does BellSouth have any evidence to backup this assertion? Explain in detail why this is sufficient reason to implement rate de-averaging.
- b. Does BellSouth anticipate that cable television companies will offer the same access in the Knoxville and Chattanooga areas soon?
- c. Why did BellSouth not propose to reduce rates for these services statewide?

RESPONSE: a. That cable television providers are offering high speed Internet access in the Memphis and Nashville metropolitan areas is demonstrated by the fact that citizens living in the city limits of Nashville or Memphis may purchase such a high-speed Internet access product from Intermedia or Time Warner respectively. The multimedia advertisements promoting these services in the Nashville and Memphis markets bear this out. (See Exhibit 1.) Second, the publicly-available information available at <http://www.intermediamtn.com> is evidence of these competitive initiatives. Additionally, wireless competitors are offering service packages in Rate Group 5 which compete against Complete Choice Multi-line Service and Complete Choice Multi-line with Area Plus Service. All of these forms of competition, including wireless carriers, are a competitive threat to BellSouth's ability to market multi-line services to residential consumers, particularly among those who appear to prefer wireless services to a second land line. Finally, based on its experience, particularly in Atlanta, BellSouth anticipates more new packages of competitive services for multi-line services in Rate Group 5. (See Exhibit 2)

BellSouth is facing maximum competitive pressures in Rate Group 5. For example, there has been a recent proliferation of wireless competitors in Rate Group 5. (See Exhibit 3) Finally, the fact that: (1) Rate Groups have been utilized in Tennessee for more than forty years; and (2) the competition has focused its competitive offerings on subscribers located in Rate Group 5 is sufficient reason for BellSouth to implement the rate reductions proposed in its tariff. These proposed rate reductions have not been opposed by any subscribers, consumer groups, or competitors. BellSouth considers this tariff to be a competitive response to the marketplace rather than "de-averaging."

- b. Yes. BellSouth has every expectation that Knoxville, Chattanooga and perhaps other areas of the state will soon experience the same degree of competition as Nashville and Memphis. BellSouth anticipates filing tariffs to reduce rates in Knoxville or Chattanooga in response. BellSouth will use its business judgment to determine the appropriateness and timing of such filings.

Although BellSouth is not privy to the marketing plans of cable television companies or other competitors, given the billions of dollars AT&T and AOL alone have recently decided to invest in cable television, it is reasonable to assume that these competitors will eventually provide total telecommunications services to subscribers in Tennessee.

- c. Please see the response to Request Nos. 1, 3a, and 3b.

BellSouth Telecommunications, Inc.
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REQUEST: Rate groups currently permit the charging of higher rates for larger local calling scopes. In light of this, explain how BellSouth's proposal to charge Rate Group 5 (the largest local calling scope) subscribers to these services less than those in Rate Groups 1-4 is justified under the heading of rate groups?

RESPONSE: Following the passage of Tennessee's 1995 Telecommunications Act, monopolies and rate-of-return regulation were replaced with competition and price regulation. Numerous competitors are offering or soon will be offering competitive services in the largest metropolitan areas of the state, and BellSouth believes it is appropriate to respond to these competitive threats by implementing the rate reductions proposed in its tariff. These proposed rate reductions have not been opposed by any subscribers, consumer groups, or competitors.

Please also see the response to Request No. 1.

REQUEST: Assumption: Two residential subscribers to Complete Choice with Area Plus Service-one in McEwen (Rate Group 1) and one in Nashville (Rate Group 5). Each has the same LATA-wide toll free calling scope within the Nashville LATA and each has the same choice of services from Complete Choice. Does BellSouth propose to charge higher rates to the subscriber in McEwen versus the one in Nashville? If yes, explain why this would not run afoul of T.C.A. § 65-4-122 and 47 U.S.C. § 254(B)(3)?

RESPONSE: Yes, assuming this question refers to BellSouth's multi-line tariff filing which is the subject of this Docket. If charging different prices for the same service in different Rate Groups ran afoul of T.C.A. § 65-4-122 and 47 U.S.C. § 254(b)(3), the former Public Service Commission and the TRA would not have authorized the use of Rate Groups for over forty years.

The former Public Service Commissions and this Authority have long allowed variation of rates charged for similar services among different rate groups. A clear example is the 1FR flat rate charge of \$12.15 per month for subscribers in Rate Group 5 as compared to the charge to those in Rate Group 1 (\$7.55) for the same service. This difference in rates across Rate Groups continues even though it clearly is more expensive to provide service in Rate Group 1 than in Rate Group 5. Additionally, the 1FR rates in each Rate Group continue to be well below the cost of providing the service. Finally, it is clear from various filings and proceedings before the TRA that BellSouth's competitors are free to select the areas in which they will make their services available to consumers and the prices they will charge for those services.

BellSouth Telecommunications, Inc.
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REQUEST: Has BellSouth performed an access line count in each of its four LATAs to determine the toll-free calling scopes of residential subscribers in each LATA who subscribe to Complete Choice with Area Plus Service? If yes, please supply the line counts per LATA and explain how they relate to the traditional rate group limitations.

RESPONSE: No.

BellSouth Telecommunications, Inc.
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REQUEST: The proposed tariff excludes rate reductions for two and three line package subscribers to Obsolete Area Plus Service . As subscribers to this service, who would otherwise be in Rate Group 5, would pay higher rates for less calling scope than those proposed for Enhanced Area Plus Service, does BellSouth propose to migrate those subscribers from Obsolete to Enhanced Service?

RESPONSE: According to BellSouth's records, there are approximately 18 customers in Tennessee subscribing to Complete Choice multi-line service with Obsolete Area Plus Service. BellSouth will contact those customers subscribing to the Complete Choice multi-line service with Obsolete Area Plus in Rate Group 5 and give them an opportunity to switch to the Enhanced packages at the discounted rate.

Exhibit 1

Road Runner of the Mid-South

http://www.midsouth.rr.com/rr_new/pricing.htm

As a Time Warner Communications cable customer you can enjoy a preferred rate of just \$39.95 per month. However, even non-cable customers can get in on the online experience of a lifetime with just \$52.95 per month.

For a limited time only, you can get ROAD RUNNER installed for **FREE**. Regular installation rate is \$99.95. Don't miss this opportunity! Sign-up today or get more information!

ROAD RUNNER of the Mid-South Summary of Services	
Description	Cost
ROAD RUNNER monthly service fee (for Time Warner Communications cable customers)	\$39.95*
Installation (one-time)	\$99.95 \$0.00**
ROAD RUNNER Value Includes: <ul style="list-style-type: none"> • 5 e-mail accounts • 1 personal home page (2 MB) • 1 10BaseT Ethernet card • Use of 1 Motorola cable modem • 1 additional cable outlet (if needed) • All necessary software for online access • Access to Time Warner national content • Access to exclusive local content • 1 in-home installation 	
* Subject to applicable state sales tax and local franchise fees. ** Special installation rate offered for a limited time only. Regular installation rate is \$99.95. Some restrictions apply.	

Residential (Cable Customer)	Residential (Non-Cable Customer)	Businesses
\$39.95/month*	\$52.95/month*	Pro Single Connection Pro LAN Pro Enterprise
Installation: \$99.95 \$0.00**	Installation: \$99.95 \$0.00**	Installation: Call for details. (901) 259-1111.
* Subject to applicable state sales tax and local franchise fees. ** Special installation rate offered for a limited time only. Regular installation rate is \$99.95. Some restrictions apply.		

**Comparison Between ROAD RUNNER,
ADSL, T1, and 56Kbps Dial-Up
(As of 11/5/99)**

	ROAD RUNNER Cable Modem	ADSL	T1	56Kbps
Equipment Cost	Included in Monthly Fee	\$100 (plus tax) ¹	Quoted by provider	\$129.99 (U.S. Robotics)
Installation Charge/ Setup Charge	\$99.95 \$0.00***	Waived ¹	Quoted by provider	\$20.00 (U.S. Internet)
Total One-Time Charges	\$99.95 \$0.00***	\$100.00 ¹	Quoted by provider	\$149.99 (U.S. Internet)
Telephone line charges (monthly)	None (Road Runner does not use phone lines)	\$12.15 (Bell South)	\$65 (Bell South)	\$12.15 (Bell South)
Monthly Usage Fee (unlimited)	\$39.95 (cable customers)** \$52.95 (non-cable customers)**	1st 30 days free ²	\$1,200 (U.S. Internet)	\$19.95 (U.S. Internet)
Total Monthly Fee	\$39.95 - \$52.95**	\$12.15 (1st 30 days) ²	\$1,265	\$32.15
Speed Comparison	1-3 Mbps, up to 10 Mbps maximum	1.5 Mbps (Bell South)	1.544 Mbps (U.S. Internet)	Up to 56Kbps maximum (U.S. Internet)
Local Content	Locally generated by a team of content editors	Does not have a local team of content editors	None	None

* All rates quoted here are from the vendor/provider's Web site. For more information, please visit their vendor/provider's Web site.

** **ROAD RUNNER** monthly pricing includes 1) 5 e-mail accounts; 2) 2 MB of personal home page space; 3) 10BaseT Ethernet card; 4) Use of cable modem; 5) National and local content; 6) In-home installation

*** Special installation rate offered for a limited time only. Regular installation is \$99.95.

¹ BellSouth is offering, for a limited time only, free installation and waived activation fee with the purchase of an ADSL modem (\$100 + tax). Regular installation is \$199.95, activation fee is \$99.95.

² BellSouth is running a promotion, for a limited time only, of free service for the first 30 days. Regular monthly service fee is \$50.00 for BellSouth Complete Choice customers. Non-BSCC customers pay \$59.95.

ROAD RUNNER, character, name and all related indicia are trademarks of Warner Bros. © 1999.

Streamline: offices consolidated

Continued from front page

66 Music Square West (17th Ave).

The new lease was brokered by Ira Blonder, director of business services for Grubb & Ellis Centennial, who also holds MCA's previous lease. Both leases have nine years and three months left.

Steve Armistead of Armistead Barkley Inc. was the local representative for Jones Lang LaSalle, a worldwide investment and corporate real estate services firm retained as real estate advisors on an international basis by Universal Music Group.

"The negotiation of the lease has taken quite some time," says Robold. The finan-

cial terms of the lease, which was signed in December, were not disclosed by Universal Music Group officials.

Loret Casella of Casella Interiors is the designer and space planner for the building, and Nashville-based Southeast Contractors is doing the build-out, which Robold estimates will cost more than \$500,000. "We're planning to move in the beginning of April."

The consolidation is restricted mainly to services such as finance, recording administration, production, marketing administration and office administration, says Robold. These services are combined into a department called "shared services" that

works for both MCA and Mercury.

"We maintained the artistic and creative integrity of both labels, but combined back-room operations." Not much has changed, says Robold, except "now we're all going to be under one roof and working for both labels."

The majority of the consolidation within the industry, until now, has been seen within major labels, says Ed Benson, executive director of the Country Music Association (CMA).

"The merging of two major players like Universal and PolyGram hasn't happened in a long time," says Benson.

One thing that's unique about MCA and Mercury, and a possible reason why the two labels have managed to remain autonomous, may be their different focus-

es, says Benson. Mercury Records, label home to artists such as Shania Twain, Kim Richey and William Topley, is focused more on the cross-over or alternative country artist, while MCA remains more traditionally country, with an artist roster that includes Trisha Yearwood, George Strait and Vince Gill.

The Universal Music Group and PolyGram consolidation is part of an industry-wide trend that has many in the music business concerned.

"As we saw at the town meeting, when people hear the word consolidation, they automatically think, 'who's going to lose their job,'" says Benson. "That isn't always the case."

Reach Johnston at djohnston@amcity.com or 615-248-2222, ext. 115.

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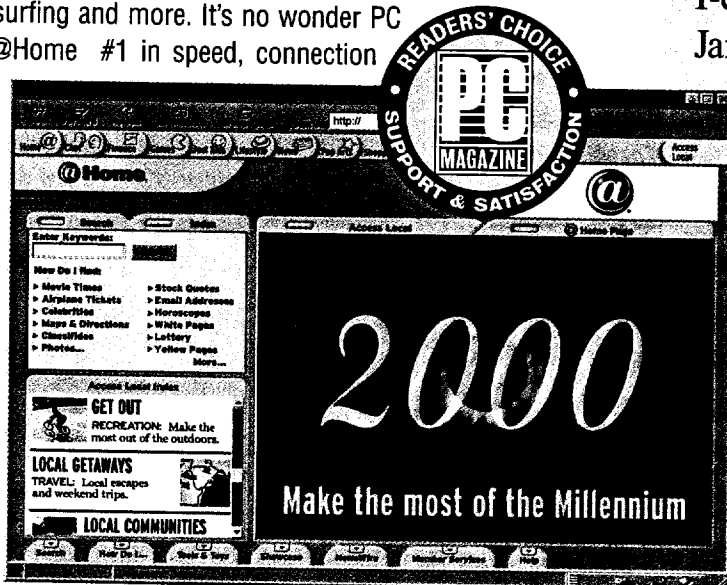
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Ch. 54 ▶

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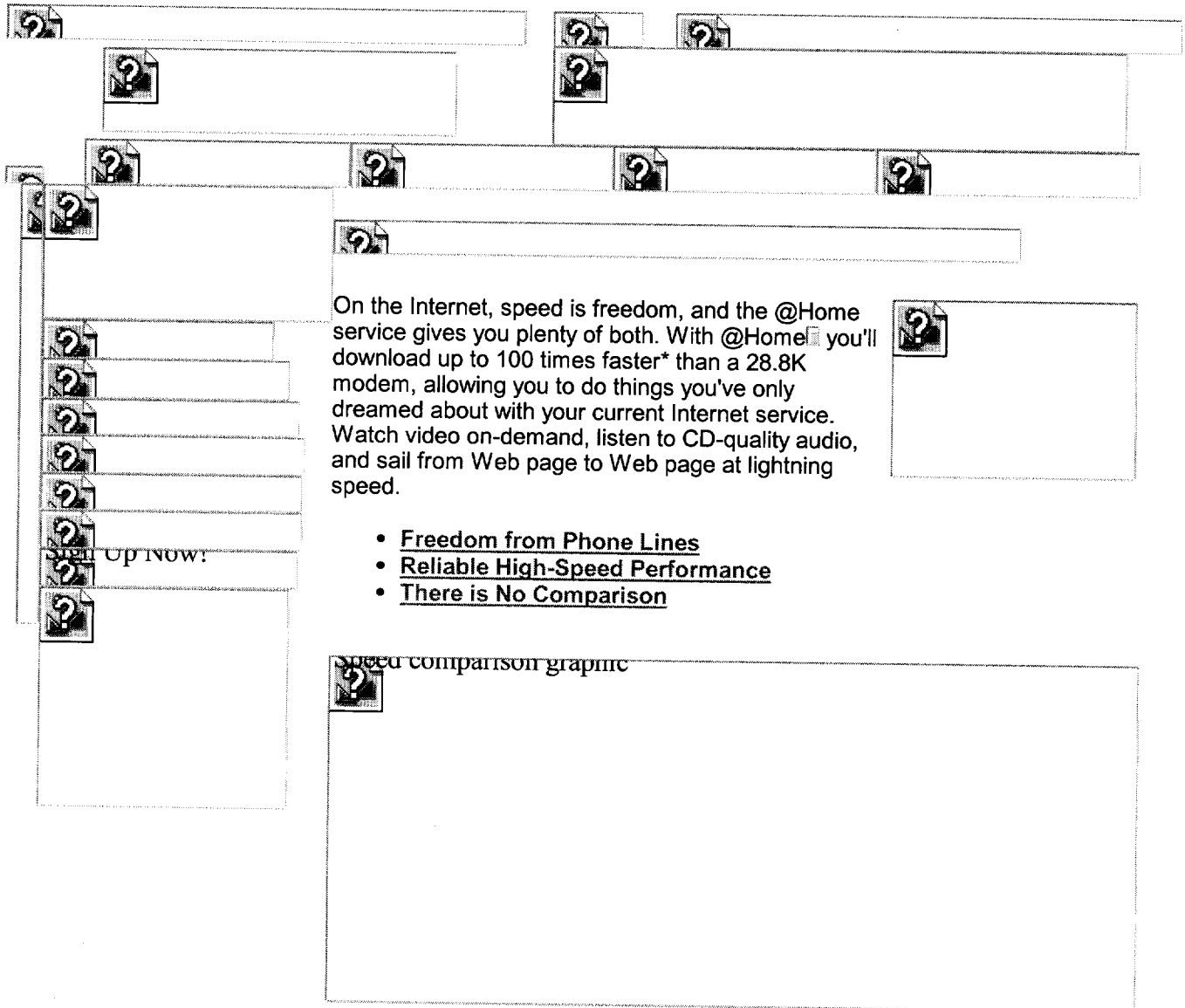
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speed comparison graphic

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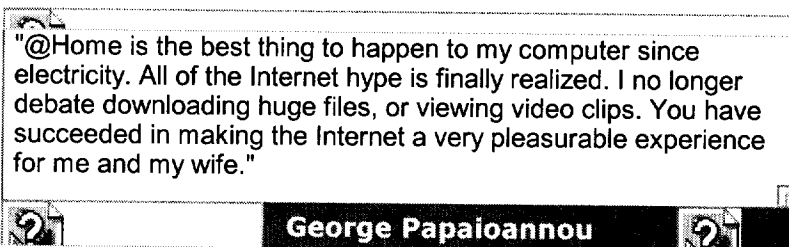
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* Actual speeds will vary. Many factors affect download speeds. Please see The Facts About Speed for more information.

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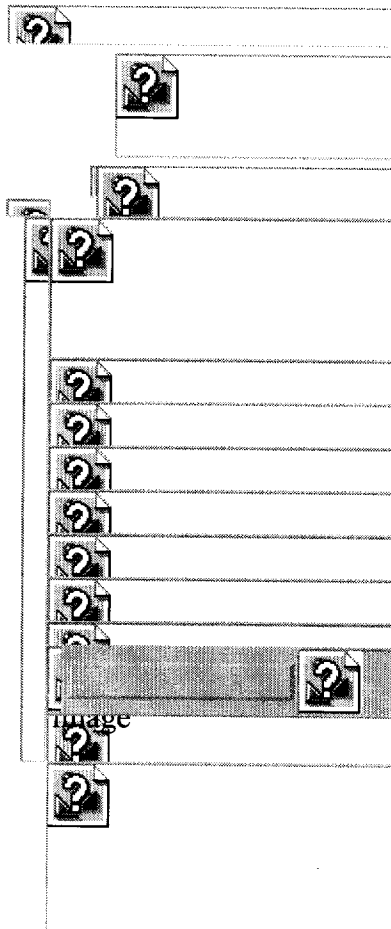
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* Pricing is for residential service and varies by market. May be higher if you are not a cable TV subscriber.

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January 10, 2000


Time Warner, AOL to Merge, Forming a Multimedia Giant

**AOL Now Gets Access to Speedy Cable Lines;
Time Warner Shares Surge 53% in Morning**

By **PETER GUMBEL**

Staff Reporter of THE WALL STREET JOURNAL

LOS ANGELES -- Media and entertainment giant Time Warner Inc. and No. 1 online-service provider America Online Inc. agreed to merge in a stock transaction valued at about \$166 billion plus \$17.8 billion in Time Warner debt.

The combined firm would be renamed AOL Time Warner Inc.  Deal May Boost AOL, Time Warner in Asia

Time Warner shareholders would receive 1.5 shares of AOL Time Warner for each share they own, while AOL shareholders would receive one share of the new entity for each share they own.

Those terms give a significant premium to Time Warner shareholders. As a result, Time Warner shares skyrocketed early Monday. In morning trading, the shares surged \$34.25, or 53%, to

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\$99 on the New York Stock Exchange. Meanwhile, AOL added \$5.25, or 7.1%, to \$79, also on the Big Board.


Broadband Battle


AOL has tried to extend its offerings to include high-speed Internet access via souped-up phone and cable-TV lines. Leading cable-Internet firms include Time Warner-affiliated Road Runner and AT&T-affiliated At Home, while high-speed phone-line access is provided by Baby Bells and others.

 **AT&T's Cable Plans Suffer Setbacks** (Oct. 25, 1999)

 **FCC Asks Court to Stop City From Making AT&T Open Cable Lines** (Aug. 17, 1999)

 **Lobbying Move in Cable Fight May Pay Off for AOL Coalition** (July 15, 1999)

 **AOL Hopes to Trump Cable Deal by Using Fast Phone Lines** (May 7, 1999)

 **Join the Discussion:** What do you make of America Online's recent moves? How will all these changes impact the future of online services and the Internet?

AOL shareholders would own about 55% of the combined firm and Time Warner shareholders would own approximately 45%; the new firm would have a combined value of about \$350 billion, the companies said. The stock would be traded under the symbol AOL on the New York Stock Exchange, the companies said.

AOL Chief Executive Steve Case is to be named chairman of the merged company, while Time Warner Chairman and Chief Executive Gerald Levin would be CEO. Ted Turner, currently vice chairman of Time Warner, would continue in that capacity at the merged firm.

The companies said Mr. Turner has agreed to vote his Time Warner shares, representing about 9% of the company's outstanding common stock, in favor of the merger.

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[Corrections](#)

AOL, which has more than 19 million subscribers, has a current market capitalization of about \$164 billion, while Time Warner has a market capitalization of \$83 billion.

By uniting a major media conglomerate with a leading Internet company, the transaction is likely to have major repercussions on both industries. It comes at a time when many big media companies are struggling to figure out how to harness the power of the Internet, and when Internet companies are increasingly looking to put entertainment and other content on their Web sites to attract more customers.

Meanwhile, Time Warner has been trying to build Internet "hubs" that focus on entertainment and news and created a high-speed Internet service called Road Runner.

AOL, which has over 20 million Internet-access subscribers, has been sparring recently with Time Warner over the issue of cable-TV companies allowing access to their high-speed lines into consumers' homes to Internet service providers.

Time Warner's businesses include Time magazine, Warner Bros. movie studio, Warner Music Group, the HBO cable channel, Time Warner Cable, Time Warner Telecom, Warner Books and the WB television network.

Active Dealmakers

Both companies also have been busy with various deals recently.

Time Warner's Stumbles

Time Warner squandered an early online lead as its Pathfinder portal site failed to find its way -- one executive referred to it as a financial "black hole." The company has had more success with its CNN family of sites, including CNN.com and CNNfn.com, and Time Warner has recently launched new online ventures.



Time Warner Creates \$500 Million Fund for Minority Stakes in Digital Media (Dec. 16, 1999)



Time Warner Will Launch Its Entertainment Web Site (Nov. 24, 1999)



Olafsson Set for Time Warner Digital Job (Nov. 12, 1999)

efforts through the Time Warner Digital Media unit established last year.

Time Warner reportedly is interested in buying General Electric Corp.'s NBC television network for \$25 billion. General Electric and Time Warner denied they have talked.

Last month in its latest move to expand investments in new media, Time Warner said it established a \$500 million fund for digital-media investments, with half of the fund made up of cash and the other half in promotional time on Time Warner's media outlets. The fund will focus Time Warner's investment

Meanwhile, AOL has undertaken a broad campaign dubbed "AOL Anywhere" to extend elements of its flagship service beyond the confines of personal computers. Late last year, AOL agreed to acquire digital-map company MapQuest.com Inc. for about \$1.1 billion in stock. Earlier last year, it acquired online and phone movie-listings firm Moviefone.

MapQuest will fit neatly into the AOL Everywhere strategy, since it has partnerships with Nokia Corp. and Sprint Corp. to deliver travel directions to users of Internet-enabled phones. MapQuest is also developing a service that uses telephones to verbally dictate-driving instructions to users. Now AOL will be part of those ventures.

Marketing Alliances to Be Expanded

Separate from the merger transaction, America Online and Time Warner also announced new marketing, commerce, content and promotional agreements that will immediately expand various relationships already in place between the two companies. Some of the agreements include:

- The AOL service will feature Time Warner's InStyle magazine, expanding on the content Time Warner already offers AOL members from other magazines.
- CNN.com and Entertaindom.com programming will be featured prominently on various America Online services.
- AOL members will have access to a wide range of Time Warner promotional music clips from Time Warner artists.
- Time Warner and AOL MovieFone will participate in online-offline cross-promotion of Time Warner movies and related content, including live events.
- Broadband CNN news content will be distributed on AOL Plus, the rich media content offering designed for AOL members connecting via broadband, when it launches this spring.

Write to Peter Gumbel at peter.gumbel@wsj.com



[Return to top of page](#) | [Format for printing](#)

Sponsored By:

Savin.

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Exhibit 2

COMPARE MEDIAONE[®] DIGITAL TELEPHONE SERVICES TO YOUR CURRENT PROVIDER AND HERE'S WHAT YOU'LL FIND:

	MEDIAONE	BELLSOUTH
PRICE	\$24.95	\$34.00*
NUMBER OF LINES	1	1
FEATURES	Call Waiting, Caller ID, Last Call Return *69, Three-Way Calling, Speed Calling, Call Waiting, Caller ID, Caller ID "Per Call" Blocking, Continuous Redial *66, Selective Call Blocking, Call Forwarding, Preferred Call Forwarding, Distinctive Ringing, Priority Ringing, Anonymous Call Rejection, Custom Code Restriction	Call Waiting Deluxe, Caller ID, Call Selector, RingMaster [®] Service, Three-Way Calling, Repeat Dialing, Speed Calling, Anonymous Call Rejection, Call Block, Call Tracing, Customized Code Restrictions, Call Waiting, Call Return, Call Forwarding, Flexible Call Forwarding, Preferred Call Forwarding, Remote Access to Call Forwarding
SECOND BASIC LINE	\$11**	<i>if</i> \$17.45

THERE IS NO COMPARISON.

Take a look at the chart above and you'll see that with MediaOne you get all the most popular calling features — Call Waiting, Caller ID, Last Call Return *69, more than a dozen in total — for one low monthly rate. In fact, you can **save \$9 each month** and **get a second basic line for \$6 less**. Even if you currently only have two or three features, you'll get more and still save money with MediaOne. And, you can get Voice Mail Service for a great value, too.

GET MORE FOR YOUR MONEY.

Give us a call today for a personal cost analysis and see how switching to MediaOne can save you money and give you more. Plus, you'll save even more with our special offer. You'll even have the option of keeping your current phone number. And if you're not satisfied within 30 days, you can switch back to your previous provider at no cost. MediaOne Digital Telephone Services. See for yourself, there's no comparison.

**SIGN UP TODAY
AND GET:**

©1999 MediaOne, Inc. MediaOne Digital Telephone Services are not available in all areas. *Published rates for BellSouth Complete Choice[®] Plan as of 8/99. Prices subject to change. Additional taxes, surcharges, and other fees will apply. ** This rate applies when you purchase your first line from MediaOne. † A display unit is required. †† Charges will apply after free trial period ends. RingMaster is a registered trademark of BellSouth Corporation.

COMPARE MEDIAONE[®] DIGITAL TELEPHONE SERVICES TO YOUR CURRENT PROVIDER AND HERE'S WHAT YOU'LL FIND:

	MEDIAONE	BELLSOUTH
PRICE	\$24.95	\$34.00*
NUMBER OF LINES	1	1
FEATURES	Call Waiting, Caller ID, Last Call Return *69, Three-Way Calling, Speed Calling, Call Waiting, Caller ID, Caller ID "Per Call" Blocking, Continuous Redial *66, Selective Call Blocking, Call Forwarding, Preferred Call Forwarding, Distinctive Ringing, Priority Ringing, Anonymous Call Rejection, Custom Code Restriction	Call Waiting Deluxe, Caller ID, Call Selector, RingMaster [®] Service, Three-Way Calling, Repeat Dialing, Speed Calling, Anonymous Call Rejection, Call Block, Call Tracing, Customized Code Restrictions, Call Waiting, Call Return, Call Forwarding, Flexible Call Forwarding, Preferred Call Forwarding, Remote Access to Call Forwarding
SECOND BASIC LINE	\$11**	<i>if</i> \$17.45

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GET MORE FOR YOUR MONEY.

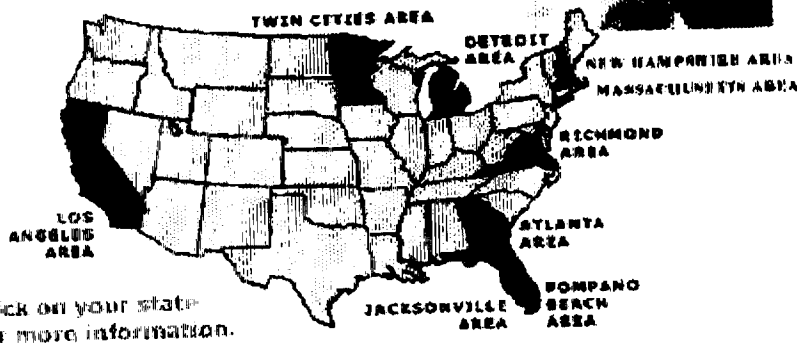
Give us a call today for a personal cost analysis and see how switching to MediaOne can save you money and give you more. Plus, you'll save even more with our special offer. You'll even have the option of keeping your current phone number. And if you're not satisfied within 30 days, you can switch back to your previous provider at no cost. MediaOne Digital Telephone Services. See for yourself, there's no comparison.

**SIGN UP TODAY
AND GET:**

©1999 MediaOne, Inc. MediaOne Digital Telephone Services are not available in all areas. *Published rates for BellSouth Complete Choice[®] Plan as of 8/99. Prices subject to change. Additional taxes, surcharges, and other fees will apply. ** This rate applies when you purchase your first line from MediaOne. † A display unit is required. †† Charges will apply after free trial period ends. RingMaster is a registered trademark of BellSouth Corporation.

MediaOne
Digital Telephone Services

Telephone Availability



Click on your state
for more information.

We're rapidly expanding our service areas, with many more new areas on the way. Please click on the map to get more information about the products and services offered in your neighborhood, including pricing. If we're not in your area today, check back, because we're updating our web site all the time.

MediaOne can save you over 20% on your local provider's equivalent packages. In addition, specials offered now in your area can save you even more. Select the location nearest you from the map above to obtain more information.

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Telephone**Atlanta, GA Area**

30016	30094	30135	30209	30360
30033	30096	30141	30252	
30071	30106	30168	30260	
30092	30126	30187	30288	
30093	30127	30208	30345	

If your zip code is not listed, please check back for availability in your neighborhood.

NOTE: Service is subject to availability. Please call us to confirm availability in your neighborhood.

RightPak	\$ 24.95
One line with all of our most popular <u>features</u> included.	

RightPak Plus	\$ 35.95
One line with all of our most popular <u>features</u> included, plus one basic line.	

RightPak II	\$ 42.95
Two lines with all of our most popular <u>features</u> included on both lines.	

Voice Mail	\$ 4.95*
-------------------	-----------------

Voice Mail with Personal Extensions	\$ 4.95*
--	-----------------

Voice Mail with Pager Notification	\$ 7.95*
---	-----------------

Voice Mail with Personal Extensions & Pager Notification	\$ 9.95*
---	-----------------

* Includes Call Forward Busy/No Answer and Stutter Dial Tone.



Up to \$100
in Savings!

SPECIAL OFFER

For a limited time, we have a special offer.

- **FREE** first month of service.
- **2 FREE MONTHS** of Voice Mail Service.*
- **FREE** installation.
- **30-day** switchback guarantee.

* Once free trial period has ended, applicable charges will apply.

I would like to sign up
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MediaOne Digital
Telephone Services.

I have questions or
would like additional
information on MediaOne
Digital Telephone
Services.

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Telephone

Jacksonville, FL Area

32073	32204	32205	32206
32210	32216	32217	32224
32244	32257		

If your zip code is not listed, please check back for availability in your neighborhood.

NOTE: Service is subject to availability. Please call us to confirm availability in your neighborhood.

RightPak	\$ 21.95
One line with all of our most popular <u>features</u> included.	
RightPak Plus	\$ 29.95
One line with all of our most popular <u>features</u> included, plus one basic line.	
RightPak II	\$ 39.95
Two lines with all of our most popular <u>features</u> included on both lines.	
Voice Mail	\$ 4.95*
Voice Mail with Personal Extensions	\$ 6.95*
Voice Mail with Pager Notification	\$ 8.95*
Voice Mail with Personal Extensions & Pager Notification	\$ 9.95*

* Includes Call Forward Busy/No Answer and Stutter Dial Tone.



Up to \$100
in Savings!

SPECIAL OFFER

For a limited time, we have a special offer.

- **FREE** first month of service.
- **2 FREE MONTHS** of Voice Mail Service.*
- **FREE** installation.
- **30-day** switchback guarantee.

* Once free trial period has ended, applicable charges will apply.

I would like to sign up
for new or additional
MediaOne Digital
Telephone Services.

I have questions or
would like additional
information on MediaOne
Digital Telephone
Services.

Telephone

Pompano Beach, FL Area

33060 33062 33064 33313 33317
 33319 33322 33323 33324 33325
 33351 33441

**If your zip code is not listed, please check back for
 availability in your neighborhood.**

NOTE: Service is subject to availability. Please call us to confirm availability
 in your neighborhood.

RightPak	\$ 21.95
One line with all of our most popular <u>features</u> included.	

RightPak Plus	\$ 29.95
One line with all of our most popular <u>features</u> included, plus one basic line.	

RightPak II	\$ 39.95
Two lines with all of our most popular <u>features</u> included on both lines.	

Voice Mail	\$ 4.95*
-------------------	-----------------

Voice Mail with Personal Extensions	\$ 6.95*
--	-----------------

Voice Mail with Pager Notification	\$ 8.95*
---	-----------------

Voice Mail with Personal Extensions & Pager Notification	\$ 9.95*
--	-----------------

* Includes Call Forward Busy/No Answer and Stutter Dial Tone.



Up to \$100
in Savings!

SPECIAL OFFER

For a limited time, we have a special offer.

- **FREE** first month of service.
- **2 FREE MONTHS** of Voice Mail Service.*
- **FREE** installation.
- **30-day** switchback guarantee.

* Once free trial period has ended, applicable charges will apply.

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MediaOne Digital
Telephone Services.

I have questions or
would like additional
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Exhibit 3

of planes
in a num-
bered by

in three incidents, one with fa-
talities. The DC9 model had 159
incidents through 1983, of
which 20 involved fatalities.

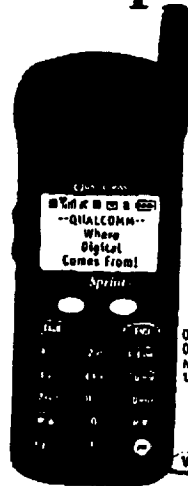
www.jkharris.com

"...the (Nation's) most successful tax-resolution company." -The Wall Street Journal
JK Harris & Company - Memphis (10 Offices in Tennessee)

OfficeMax

Get Two Sprint PCS Phones for the Price of One!

Sprint PCS
Free & Clear Plan
Starting at
\$50 for **500**
a month minutes



0223-4521
0223-47728
Model #JCP1900
Limited to stock on hand

Sprint PCS
Wireless

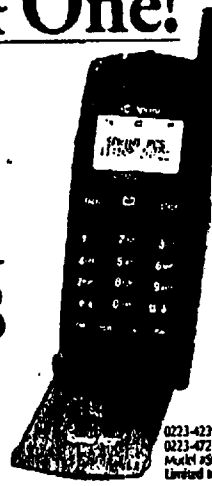
QUALCOMM®

- Wireless Internet ready
 - Internal lithium ion battery
 - Up to 2.5-hour talk-time & 3-4 day stand-by battery
- \$99.99**

First Phone **\$99.99**
Second Phone + **\$99.99**
Mail-In Rebate - **\$100.00***
on 2 Phones

\$99.98
plus

FREE
900MHz Cordless Phone
with purchase of any Sprint PCS phone.
A \$30 value. Limit 2 per customer.



0223-4239
0223-47728
Model #SCM-2000
Limited to stock on hand

SAMSUNG

- Voice memo recorder
 - 2.5-hour talk-time & 35-hour stand-by battery
 - Memory-free lithium ion battery
- \$99.99**



The clear alternative to cellular.™

Sprint PCS

10 cents a minute rate plans with free long distance and no roaming charges for any calls made from within the Sprint PCS Nationwide Network on rate plans starting at \$50 per month.
*\$100 mail-in rebate on any 2 Sprint PCS phones ends 2/15/2000. See store for details. Sprint PCS service not available in all stores.

Store Hours: Sun: 10am-6pm Mon-Fri: 7am-8pm Sat: 8am-6pm

WOLFCHASE COMMONS:

I-40 and Germantown Parkway **371-9123**

GERMANTOWN VILLAGE SQUARE CENTER:

Poplar Ave., across from
the Methodist East Hospital **755-1515**

PERKINS ROAD SOUTH:

I-240 and Perkins, next to Toys R Us **362-8030**

MID-TOWN:

1460 Union Ave., east of I-240 **725-8188**

PERIMETER CENTER:

Summer Ave. & I-240 **685-0848**

HICKORY RIDGE PAVILION:

Winchester & Kirby Roads, 1/4
mile east of Hickory Ridge Mall **387-9555**

HORN LAKE, MS:

DeSoto Crossing Shopping Center,
Goodman Rd., west of I-55 **349-7770**

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A10

THE COMMERCIAL APPEAL

The Tennessean 1/31/00



COOL SPRINGS
376-4544
 Albertson's Shopping Center
FRANKLIN
591-9999
 Next To Blockbuster Video
BELL ROAD
731-2355
 Next To Home Depot
HICKORY HOLLOW MALL
731-2750
 Kiosk - Dillard's Wing
HARDING MALL
333-6642
 Kiosk - Next to Gattilani
RIVERGATE
851-4555
 Two Mile Pike - Across from O'Charleys
WEST NASHVILLE
356-4446
 Charlotte Pike - Next to Wal-Mart
COLUMBIA
(931) 380-1699
 Northway Shopping Center
MCMINNVILLE
(931) 506-5211
 612 North Chancery St.

NEW OFFER - POOLED MINUTES

\$25.00
a month

100
minutes

\$35.00
a month

250
minutes

\$50.00
a month

500
minutes

\$10.00
a month

Share **100**
minutes

\$10.00
a month

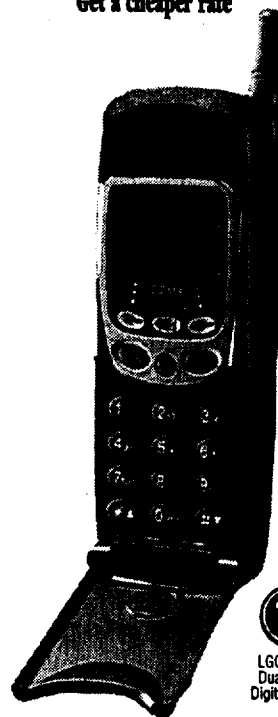
Share **250**
minutes

\$10.00
a month

Share **500**
minutes

Share Nights, Weekends & Holidays for \$15/Month

The GTE Wireless FamilyNet Share Plan
 Get everyone in your family a wireless phone
 Share from the same pool of minutes
 -AND-
 Get a cheaper rate



LGC-330W
Dual Mode
Digital Phone



AUTHORIZED
WIRELESS AGENT

One year service agreement, credit check and activation fee required on a HomeChoice plan with minimum monthly access of \$25. Deposit may be required. Additional lines may require a one year service agreement and an activation fee. Customer may add up to four additional Share Plan lines and all lines must be summary billed. Unused included minutes do not carry over to next month. Customer must provide a billing address within a GTE Wireless service area where HomeChoice plans are available. Early termination fee applies for early cancellation of service. Phones are not included and digital phones are required on certain rate plans. Applicable coverage, long distance, roaming, directory assistance, landline interconnect, assessments, surcharges, fees and taxes are additional. ©2000 GTE Wireless

On January 31, wireless will be comfortable for everyone.

\$29.95

Cricket is comfortable because you'll get all your local calls for one low rate. It even includes all your incoming calls. And, you won't have to sign a contract. Visit www.cricketcommunications.com.

cricket
Comfortable Wireless

The Tennessee 01/30/00

The Tennessean 1/31/00

HURRY, 15 DAYS LEFT!



\$10.00 for
Cellular Service!*

PLUS

\$10.00 for
100 minutes!*

PLUS

\$10.00 for
Unlimited nights
& weekends!*

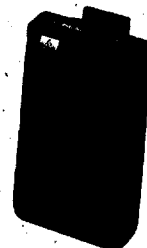
COUPON

Hands free Headset at no
charge with new activation and
purchase of Nokia 5120 or
Ericsson DH668 series
digital phone with Cellular
Direct and coupon.*

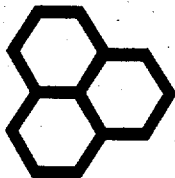


Ask about our long
distance plan at no
additional charge!

A Pager at
NO Charge!**
(with a purchase of
digital phone)



Offer Ends Feb. 15, 2000



Cellular Direct

Your Personal Communications Services Company

Authorized Agent of

@ **BELLSOUTH**
Mobility*



WHITE BRIDGE RD.

352-4500

29 White Bridge Rd.
(across from Target)

DONELSON PIKE

885-0700

519 Donelson Pike.
(at Elm Hill Pike)

DOWNTOWN

255-0200

12 Arcade
(next to Post Office)

NIPPER'S CORNER

333-8383

15504 Old Hickory Blvd

COOL SPRINGS

771-2090

Cool Springs Galleria
(Upper Level Mall)

*Cellular phones and rates available to New BellSouth Mobility customers who sign a minimum of 12 month digital service agreement on 100 minute package (\$20 per month or above) with Cellular Direct. Excludes super state rates and all-in-one rate plans. Subject to credit approval and cancellation fees. Limited time offer. Certain other restrictions and connection fees may apply. Phone art for illustration purposes only. Offer not available on prior purchases, not good with other discounts**Pager offer requires connection fee of \$20 and prepaid annual service contract. No Charge long distance plans start at \$35.00 per month and up.

operating and financial officer for the group. His expanded role will include overseeing Gaylord's three radio stations.

Wilson, a former vice president of international for Capitol Nashville, sold her international consulting business, Wilson and Associates, to Gaylord in 1998. It is now called CMT International Artist Services. ■

HouseCoopers exes violations

ACCOUNTING

The report, by consultant Jess Fardella of Lan-
kleer Siffert & Wohl LLP, said 1,885 Pricewaterhouse accountants — most of them senior executives — had a total of 8,064 independence violations over a two-year period.

The SEC ordered the review last January after Pricewaterhouse settled agency charges that nine partners and managers in its Tampa, Fla., office, and the firm's pension fund had made 80 purchases of stock in companies being audited by the firm. The consultant's review took a broader look at the firm's compliance.

"This report is a sobering reminder that accounting professionals need to renew their commitment to the fundamental principle of auditor independence," SEC Chief Accountant Lynn E. Turner said. ■

This company's not dead

Brisk holiday sales could give Service Merchandise time to reorganize

By STACEY HARTMANN
Staff Writer

Service Merchandise Co. yesterday said it had a "very strong" Christmas sales season and cited the performance as proof customers remain confident in its stores despite the turmoil of a bankruptcy reorganization.

"This company's not dead. We're alive," said Sam Cusano, chief executive officer of the Brentwood-based chain of more than 220 jewelry, gift and home-decorations stores.

Service Merchandise claims it will "substantially" surpass its operating earnings target of \$35 million for the nine months ended Dec. 31, but the company did not

release complete financial results for the holiday sales period.

Operating earnings, or earnings before certain expenses, serve as a barometer of core business performance and are often cited by restructuring companies.

"We have several steps to take. We've done exceedingly well on our first step," Cusano said yesterday. "Our next step is to prove, not only are we alive, (but) are we healthy."

The 1999 holiday selling period was a critical test for Service Merchandise.

A couple of indicators of its performance: Operating earnings ran \$4 million ahead of targets for November, and December sales ex-

Kentucky stores closing

Service Merchandise Co. has decided to close its Service Select stores in Bowling Green and Elizabethtown, Ky.

The company tested the smaller-format stores and determined "a stand-alone store in a rural market is not our best business model," said Sam Cusano, Chief Executive Officer.

The stores will end normal operations on Sunday with a three-day sample sale scheduled for Jan. 14 through Jan. 16, after which time they will permanently cease operations.

The other Service Select test stores in the chain will remain open.

ceeded the company's goal by more than \$20 million.

With such financial results, in addition to a substantial reserve of cash to continue to fund operations, the company believes U.S.

Bankruptcy Court should grant it more time to build a business strategy that will allow it to emerge from Chapter 11.

A committee of Service Merchandise creditors

whose claims are unsecured by assets, however, also will weigh in on the decision.

Generally, the creditors' committee represents a variety of entities and individuals, including bondholders and vendors. Some creditors may push for a liquidation so they can recoup investments sooner and move on. Others, such as vendors, may want to wait and see if the company can successfully reorganize, allowing them to maintain their ongoing business relationships.

A hearing is scheduled later this month to address whether Service Merchandise should be allowed more time to work on its own

► Please see SALES, 2E

Wireless operator Cricket springs up in Nashville

By CANDY McCAMPBELL
Staff Writer

Cricket Communications, a subsidiary of Leap Wireless International Inc., is moving into the Nashville area with its new Tennessee headquarters and a "one-price" wireless telephone deal for customers.

The wireless service, to begin Jan. 31, offers customers unlimited local calling in the Nashville area for one prepaid charge of \$29.95 per month.

Cricket — which also will offer long-distance and other

services — is establishing its Tennessee operations here, in offices at 770 Melrose Ave. in the 440 Business Park. About 60-65 employees will handle local

and statewide operations from those offices, while another 35 employees will work in the company's new area retail outlets.

Nashville is only the second market for the company.



JOHNSON

TELECOMMUNICATIONS

It has been in operation in Chattanooga for slightly more than a year after purchasing licenses held by ChaseTel Inc. there, as well as in Nashville, Memphis, Knoxville, the Tri-Cities and smaller markets.

Current plans are to start service in the state's major cities, then expand from there, said Myles Johnson, Cricket's vice president and general manager for Tennessee. He wouldn't divulge a timetable for additional ser-

vice rollouts, citing a "quiet period" in effect with the parent company's planned stock offering.

Cricket's unlimited local calls offering spans an area that runs north to Goodlettsville, east to Lebanon and Murfreesboro, west to Dickson and south to Franklin, Johnson said. He compared the wireless service to the land-line phones in your house.

"Think of it as your cordless phone, with a really long cordless range," he said.

Services such as caller ID,

voice mail and call waiting are available — for a cost. The company charges \$3.95 a month for the first one and \$2 a month for each other feature.

Long-distance service will be available, at a cost of 15 cents per minute, sold prepaid in \$10 "blocks."

If calls you make now are toll-free, they will be toll-free from Cricket, Johnson said.

Cricket's first area retail outlets also will open Jan. 31, in temporary kiosks in Cool-

► Please see WIRELESS, 2E

FINANCING

CNA LTC offering 10-year guarantees

CNA LTC, which has a Nashville office, recently said all of its new policies will now carry a 10-year guarantee on premium levels. The 10-year rate guarantee is the first to be offered by a long-term care underwriter.

ACQUISITIONS

Regions Financial buys Fayetteville firm

Regions Financial Corp., the Birmingham, Ala.-based parent of Regions Bank, has completed its acquisition of LCB Corp. of Fayetteville, Tenn. LCB Corp.'s subsidiaries are Lincoln County Bank and the Bank of Huntland.

NEWSMAKER

NNCDC names Ayers director



AYERS

Tim Ayers has been named executive director of The North Nashville Community Development Corporation. He will be responsible for developing and managing the NNCD's initiatives in several areas.

MARKETS

Closing figures for Thursday, Jan. 6.

Dow Jones	11,253.26	▲130.61	▲1.17%
S&P 500	1,403.45	▲134	▲10%
Nasdaq	3,727.13	▼150.41	▼3.88%
Tenn. Index*	187.88	▲1.91	▲1.02%
Russell 2000	475.40	▼3.43	▼.72%

*Bloomberg News

FROM PAGE 1E

bankruptcy reorganization plan, or whether other parties, such as groups of creditors, should be allowed to submit competing plans.

The company intends in the next 90 days to submit a business plan for 2000.

The holiday sales period is critical for retailers, including Service Merchandise, because it can account for as much as half of a company's annual revenues.

Service Merchandise's best sales categories were jewelry, its core business, as well as housewares, personal care products and exercise equipment, said Charles Septer, president and chief operating officer.

"We did have some underperforming categories, which is not unusual," Septer said, speaking of toys and electronics. "I think that's where the competition's the stiffest."

The company's Internet business, while just a small slice of overall sales, took off in December, producing more than four times the sales of the year-ago period, Cusano said. Specific dollar figures weren't disclosed.

A recent *New York Times* article ranked Service Merchandise among the top 10 online department store retailers based on its 1.8 million Web-site visits between Nov. 15 and Dec. 19 as measured by Nielsen Netratings.

In response to the poor 1998 per-

"We feel very comfortable that we stabilized the business."

**— Sam Cusano,
Service Merchandise CEO**

formance, Service Merchandise early last year took drastic measures.

It replaced CEO Gary Witkin with an outside consultant, closed about a third of its base of stores and cut hundreds of jobs.

But in March, a group of vendors who weren't being paid by the company forced it into bankruptcy, believing a court-supervised effort

would ensure their bills were resolved fairly. After the filing, Cusano — the company's former chief financial officer — rejoined the company as CEO.

Subsequently, the company worked through initial bankruptcy hurdles. It got a court-approved program to pay workers incentives so it could retain them and developed a business plan for 1999 designed to stabilize the business and generate more sales at its remaining base of stores.

Now, Cusano said, "We feel very comfortable that we stabilized the business." ■

Stacey Hartmann covers retail and restaurants for *The Tennessean*. She can be reached at 259-8084 or stacey@reporters.net

Retail: It was a green Christmas for area's stores

FROM PAGE 1E

counting, and it predicted resulting fourth-quarter financials would be significantly worse than in 1998.

Overall, 1999 has been a strong year for the nation's merchants. With low unemployment and big gains on Wall Street, Americans have been comfortable about their financial well-being and eager to shop.

Consumers continued their shopping spree during the holiday season. They piled into stores over the Thanksgiving weekend and kept spending into the new year.

Sales were so good that many chains didn't have to slash prices

drastically to clear out inventory. That will help boost profits during the quarter because they sold more goods at higher prices.

"Most promotions that they did were planned and they limited their clearance business," said Jeffrey Feiner, a retail analyst at Lehman Brothers Inc. "It has to help the bottom line."

Discount chains had a strong December. Not only did shoppers buy toys, electronics and Christmas decorations at their stores, but they also stocked up on water, flashlights and batteries to prepare for possible Y2K problems.

It was also a big season for jewelry stores, with consumers in-

dulging on expensive rings and earrings.

Electronics chains reported brisk sales on DVD players, digital cameras and other gadgets.

Stores specializing in clothing were hurt by warmer-than-normal weather at the start of December, but most managed to win back shoppers once temperatures turned cooler at midmonth.

Wal-Mart said its sales from stores open at least a year rose 9.1% in November compared with a year ago, while total sales rose 26.2% from year-ago levels.

Other selected figures on December's sales:

Sears — Same-store sales fell

0.6%; total sales were up 1.5%.

Kmart — Same-store sales were up 5.5%; total sales, up 7%.

J.C. Penney — Same-store department-store sales were up 0.5%; same-store sales at Eckerd drugstores were up 12.7%; total sales, up 6.4%.

Dayton Hudson — Same-store sales were up 3.6%; total sales, up 9.4%. Its Target discount stores rose 5.6%, while sales at its department stores fell 0.4% and Mervyn's chain dropped 4.4%.

Limited — Same-store sales were up 5%; total sales, flat with a year ago.

Gap — Same-store sales were up 5%; total sales, up 27%. ■

Wireless: Cricket to start network operations in Nashville

FROM PAGE 1E

Springs and Hickory Hollow malls. It will move into permanent retail sites at those malls, as well as stores in RiverGate and Green Hills malls, in early March. Another store and a service center will open in Madison in mid-March.

Cricket operates on a network using equipment purchased from Lucent Technologies Inc. and Ericsson AB in a pair of \$330 million deals, Johnson said.

Its totally digital telephones are

made by Qualcomm (for \$129) and Nokia (for \$99). Cricket's parent Leap Wireless International of San Diego, Calif., is a spinoff of Qualcomm Inc.

Under the Cricket operating plan, the company determined a reasonable cost to consumers, then figured out what services could be included for that cost, Johnson said.

Consumer surveys showed most people think they spend about \$30 a month for their land-line phone, so the company decided to price its

service competitively.

Cricket is aiming for the 70% of U.S. telephone customers who don't have a wireless phone.

Offering service in urban areas and eliminating roaming for long-distance calls cut costs to the company, *Forbes* magazine pointed out in a story on the company in its Dec. 13, 1999 issue.

Customers prepay for the service, thus eliminating most of two costly functions: the billing for per-minute service and a big service center to answer questions about

itemized calls, Johnson said. The prepayment of local and long-distance service also negates bad debt, he said.

"Parents can get a phone for their kids so they can contact them without worrying about (the teenagers) running up a \$150-a-month bill," he said.

The company has the rights to buy service provider licenses in Charlotte and Greensboro, N.C.; Albuquerque, N.M.; Macon, Columbus and Albany, Ga.; Salt Lake City; Spokane; and Tulsa. ■

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Nashville Business Journal

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ONE SECTION

FirstWord

The city's most high profile country music and dance venue is growing, reports *Nashville Business Journal* tourism writer K. Denise Johnston.

The Wildhorse Saloon on Second Avenue in downtown Nashville has opened up its third floor to accommo-

date more private parties and larger crowds on busy nights.

The area has a "significantly different flavor," says Haylee

Waddey, marketing director for the

Wildhorse Saloon. "It's not quite as commercially country but a little bit more what typifies Music Row."

The area has the same floor plan as the second floor of the Wildhorse, offering 100 to 150 seats around the rail with premium stage visibility and will eventually have monitors that show what is happening on the stage. The third floor has polished concrete floors, overstuffed furniture, sconces, a redwood bar and will soon have velvet drapes.

The new space was used for the first time on Dec. 8 for the Parade of Pennies and then again for the Al Gore and George Bush Jr. presidential campaign fund-raisers Dec. 15 and 16.

The Wildhorse Saloon is a Gaylord Entertainment Co. property. The club hosts concerts, television tapings, special events and live shows and is a popular tourist destination.

See for yourself

Those wanting to see a more precise picture of the state's fiscal health in the wake of Gov. Don Sundquist's call for a state income tax now have a resource at their disposal, according to *NBJ* staff writer Judy Sarles.

The *Tennessee Budget Review* should be made available the first week of January. The publication, supported through a grant from the Ford Foundation, provides a detailed analysis of state budget allocations.

The *Tennessee Budget Review*

The *Tennessee Budget Review*



NBJ photo by Michael Scott Evans

Nextlink Southeastern Region President Don Hillenmeyer and Nashville General Manager David Wise stand with a ladder-climbing dummy that tracks growth of lines in service.

New Nextlink center marks growth plans

By Judy Sarles

Telecommunications provider Nextlink is opening a customer service center at its regional headquarters in Nashville and expects the operation eventually will serve a third of the United States.

Between now and March, the rapidly growing fiber optic and broadband wireless telecommunications company targeting the business market will hire 12 to 15 people to work out of the customer solu-

tion center. The center will be located within Nextlink's building at 105 Molloy St.

Don Hillenmeyer, president of Nextlink's Southeastern region, says the company recognized the importance of establishing a centralized customer service center. "Well, as you grow, the economics of it makes sense to have it."

See CUSTOMER, page 28

State beats neighbors in home list

By K. Denise Johnston

The pace of new home construction in Tennessee during the last decade has made the state a leader in the Southeast and nationwide, according to recent Census data.

The Volunteer State's 14.4 percent growth in new housing units from April 1, 1990, to July 1, 1998, (from 2.026 million units to 2.318 million) places it 12th in the United States.

That figure compares with a national average of 10 percent and 12.8 percent for the South as a whole, according to U.S. Census Bureau statistics.

Tennessee leads the East South Central region, which also includes Mississippi, Alabama and Kentucky.

The numbers represent growth in single-family homes, apartments, mobile homes, multi-family homes and farms. The statistics were calculated using a formula developed by the Census Bureau.

Tennessee's high ranking in new housing is primarily thanks to job growth and a favorable economy, says Richard Fulton, president of the Greater Nashville Association of Realtors (GNAR).

"Most of the new units have probably been added since '93," says Fulton. "We have had record sales in the Nashville area



Fulton

New year, new title for Samuels

By Judy Sarles

Sitting among the flotsam and jetsam of the fourth-floor renovations of Union Planters Bank of Nashville, Ron Samuels, the bank's affable president, ponders challenges he'll take on as he enters the new year with CEO added to his title.

In January 2000, Samuels, 52, will replace Charles W. Cook

"It's the expectation that we exceed expectations every time," he says.

Samuels will oversee the 45 branches, 50 automated teller



Ron Samuels assumes the reins as CEO of Union Planters Bank of Nashville.

Customer: center opening

Continued from front page

Nashville's Southeastern region includes Nashville, Memphis, Atlanta, Tampa, Orlando and Miami and exceeds 70,000 access lines in service. The inside customer service operations in each of those cities have been consolidated into the Nashville customer solution center.

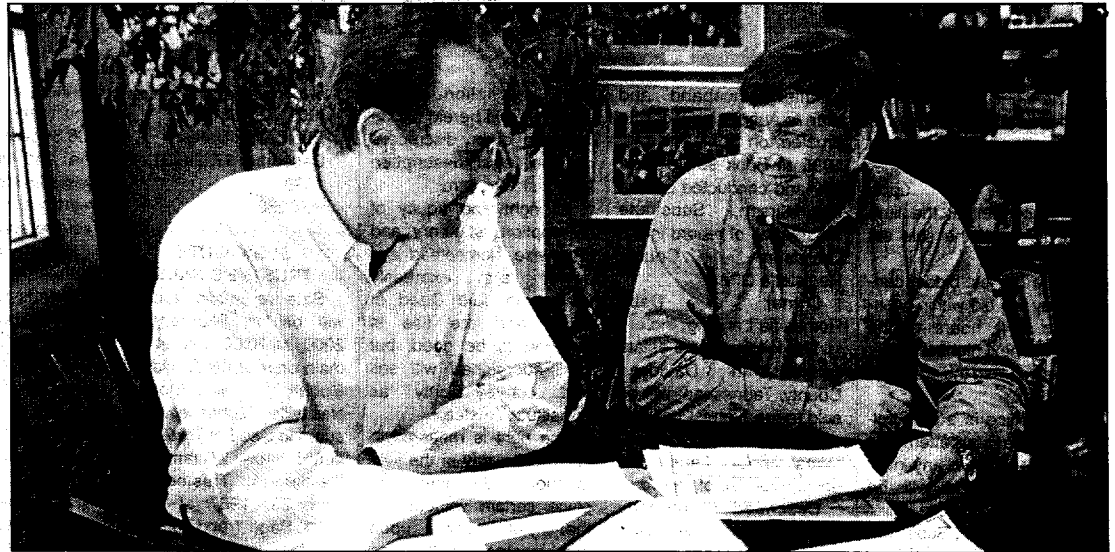
Hillenmeyer says Nextlink plans to add more cities to those already served out of the Nashville regional office. "Eventually, this will handle about a third of the country," he says.

Within the Nashville area, Nextlink expects to expand service to Madison within the next three to four months and to Murfreesboro.

In being centralized, the Nextlink customer service representatives will have access to more training, cross-referencing and learning. Customers will benefit through focused efforts in solving problems. Previously, when there was a network problem in one city, perhaps when a backhoe cut through a piece of fiber, customer care employees in that city would be swamped with calls. Now, by pooling all the customer service employees, Nextlink is able to have additional manpower handling the calls when a network problem occurs.

The company also assigns outside customer care representatives to each customer, in Nashville and the other markets, who make sure that customers receive the service and attention they need, according to David Wise, general manager in the Nashville office of Nextlink. "Which is why we get the referrals that we do," says Wise. "Much of our business comes from referrals."

In 1996, Nextlink started offering local and long-distance telephone service to businesses in the Nashville area. Since then, the competitive local exchange carrier (CLEC) has been experiencing tremendous growth. For example, in 1999 in the Nashville market, line counts have increased more than 85 percent and customer count has increased more than 95 percent, compared with the same period last year. The Nashville market has also



David Wise and Don Hillenmeyer talk over details relating to Nextlink's new consolidated customer center in Nashville.

NBJ photo by Michael Scott Evans

seen revenues jump 110 percent compared with the same period last year.

"Statistics quoted that way could be a little bit deceiving only because we're at a very early stage in their development, and they're starting from a very small base," says Frank Murphy, an analyst with First Union Securities in Richmond, Va. A year ago, he says, the company didn't have a meaningful presence, so year-to-year growth is not surprising. "That said, that's not to take anything away from the company itself. They've got an aggressive sales force with a very credible management team, and there's pent-up demand amongst their targeted customers, which are small to medium-size businesses, to seek out alternative telecom providers. And they're simply capitalizing on that pent-up demand."

By offering an alternative to established telephone service, Nextlink and other competitive telecommunications companies have been able to succeed, says Hillenmeyer. In the beginning, it was rather a slow start. "It takes awhile to establish some credibility," he says.

Nextlink has been the beneficiary of being early into the market and consistent, and having good financial backing and a committed team of experienced people,

says Hillenmeyer.

"We're not stuck with automated products, answering machines and that sort of thing," he says.

Hillenmeyer expects Nextlink to continue to grow in Nashville. However, he says, the company's commitment to the city was somewhat threatened by Gov. Don Sundquist's proposed state income tax. When the income tax issue died, at least for now, Nextlink no longer had an incentive to move.

"When you've got Florida as an alternative and they don't have any state income tax, you certainly look at that and say, 'Do we want to be here?'" says Hillenmeyer. "Why would you encumber employees with a tax they don't have to have?"

Nextlink, which has moved its headquarters from Bellevue, Wash., to Northern Virginia, was recently named to the Nasdaq 100 Index. It also just received an infusion of \$850 million from venture capital firm Forstmann Little for use in expanding Nextlink's networks and services.

Meanwhile, Nashville will be included in the 50 cities in the United States and Canada that will be part of a 16,000-mile inter-city fiber network Nextlink has con-

Nextlink Communications Inc.

Address: 105 Molloy St., Suite 300, Nashville

Telephone: 615-777-7777

Fax: 615-777-7709

Internet: (www.Nextlink.com)

Type of business: Fiber optic and broadband wireless telecommunications services

Top local officials: Don Hillenmeyer, president of the Southeast Region; David Wise, general manager

Employees: 200

Headquarters: Northern Virginia

Stock symbol: (Nasdaq: NXLK)

tracted to establish through Internext, an enterprise owned by Nextlink and Eagle River LLC. The system will provide a long-distance network for Nextlink, as well as the capability to provide more Internet-based data transmission services.

Reach Sarles at jsarles@amcity.com or 615-248-2222, ext. 114.

FirstWord: businesses have moved

Continued from front page

On the move

Several area businesses have moved into new space recently, reports NBJ staff

Hill Pike, Suite 120, in Nashville. The firm, which is experiencing substantial growth and had a need for a larger facility, is leasing 8,784 square feet of space from Highlands Properties. CGI will

her firm wanted to move closer to its sister company. Fridrich & Associates is now known as Fridrich Pinson & Associates Insurance Agency Inc. Maurice Pinson, who was previously at Cooper Love & Jackson insurance agency, has joined the company.

of Eakin & Smith Real Estate, expects to receive regulatory approval shortly in order to have an official opening. The new space has a room for computer training of employees as well as customers, securi-

